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October 27, 2008

TO: Each Supervisor

FROM: John F. Schunhoff Ph.D.   
Interim Director

SUBJECT: **DHS AMBULATORY PHARMACY REFILL SERVICE  
AND CENTRAL FILL/MAIL ORDER STRATEGY  
OCTOBER 2008 STATUS REPORT**

Pursuant to a request from the Fifth District, the Department of Health Services has been in the process of assessing methods of improving ambulatory care pharmacy delivery services to Department patients residing in remote locations. On August 4<sup>th</sup>, Phase I of this assessment commenced - the provision of a mail service pilot within the High Desert Health System service area. The primary objective of the current mail service pilot is to assess patient acceptance of refill mail service for patients residing in the remote areas of the High Desert Health Services (HDHS) service area. The mail service pilot allows patients treated in two remote clinics (Lake Los Angeles and Little Rock) to obtain prescription medication refills via the mail, from the HDHS outpatient pharmacy, thus avoiding the need to travel long distances to retrieve necessary refill medications.

The second phase of this pilot implementation, Phase II, is scheduled to commence in Fall, 2009. The Department is in the process of negotiating a contract with an offsite vendor to provide automated central fill of prescription medication, as well as mail order alternatives to patients who request mail order delivery. The central fill pilot is intended to determine whether the use of an offsite vendor for refill medication processing will improve DHS pharmacy operational efficiency, improve patient access through mail order, as well as assess the impact to overall prescription dispensing costs. A sole source letter was issued in July 2008, notifying your Board of the Department's intent to enter into sole source negotiations with Cardinal Health for the use of central fill mail order services to supplement current outpatient pharmacy dispensing services.

Attached is a copy of the October 2008 status Central Fill/Mail Order Strategy report, along with a proposed timeline. If there are any questions regarding the attached, please let me know or contact Amy Gutierrez, DHS Pharmacy Director at 213-240-7717.

Thank you.

JFS:AG:srj  
810:007

Attachments

c: Chief Executive Officer  
County Counsel  
Executive Officer, Board of Supervisors



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## DHS Ambulatory Pharmacy Refill Service and Central Fill/Mail Order Strategy

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### **October 2008 Status Report**

Phase I (Mail Service – High Desert Health System)  
Phase II (Central Fill/Mail Order)

#### **Objective**

This project is divided into two phases. Attached is a copy of the proposed timeline for Phase I and Phase II.

**Phase I – Mail Service Implementation:** Phase I was implemented on August 4, 2008. The primary objective of this pilot is to provide refill mail service to remote areas of the High Desert Health Services (HDHS) service area, allowing patients increased access to refill prescription services. Prior to the start of this pilot, DHS patients treated in these two remote clinics (Lake Los Angeles and Little Rock Clinics) traveled great distances to the High Desert Outpatient Pharmacy to obtain prescription medication refills. This pilot implementation will seek to gather data on the impact of refill mail service to:

- HDHS pharmacy operations
- HDHS overall pharmacy expenditures/revenue
- HDHS patient acceptance and patient satisfaction

**Phase II- Central Fill/Mail Order Implementation:** (See attachment for implementation timeline.) The primary objective of this pilot is to contract with an offsite vendor to provide automated central fill of prescription medication, as well as mail order alternatives to patients who request mail order delivery. The central fill pilot is intended to determine whether the use of an offsite vendor for Phase II refill medication processing will improve DHS pharmacy operational efficiency, improve access through mail order, and assess impact to overall prescription dispensing costs. *See Phase II Status for more information.*

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# Phase I - Mail Service Implementation- High Desert Health System

## Pilot Metrics – Measures of Success

The effectiveness of the pilot was assessed through the collection of the following metrics:

- **Patient Description** – Patients in the pilot were limited to those that are current High Desert Health System (HDHS) patients of the Lake Los Angeles and Little Rock clinics. These clinics service rural areas with a significant driving distance to the HDHS Pharmacy, as well as limited access to a retail pharmacy network. Inclusion criteria included patients visiting the Lake Los Angeles or Little Rock clinic with a stable home mailing address (PO Box addresses were not included), and in need of refill medications for chronic care.
  - Results: Seventy-nine patients were enrolled into the pilot program from 8/4/08 to 8/30/08. Of these, seventy-six patients are existing DHS patients, while three patients are newly enrolled patients at either of the two pilot clinics. In order to be provided mail service, each patient was required to complete an enrollment form, indicating a designated stable mailing address for refill prescriptions. Post office boxes are not accepted.
- **Impact on Outpatient Pharmacy Operations** – Pharmacy operations were anticipated not to be significantly impacted by the implementation of this pilot, as outpatient prescriptions are continuing to be dispensed from the HDHS pharmacy in Phase 1. Outpatient pharmacy operations impact was measured by change in staffing requirements.
  - Staffing Impact - High Desert Outpatient Pharmacy added an additional pharmacy technician FTE to assist in the processing of the mail service prescriptions, collecting data, and mailing of these prescriptions to the designated home address.
  - Pharmacy wait times were collected to measure the patient impact of the pilot. Wait times for Fiscal Year (FY) 2007-2008 was used as the baseline measure. No impact to patient wait times resulted from the implementation of the pharmacy mail service in August 2008.

### Impact on Outpatient Pharmacy Operations

Patient wait times: FY 2007-2008	60 minutes
Patient wait times: August 2008	60 minutes

### Cost of Service to High Desert Pharmacy –

- The cost to dispense a medication at the High Desert Pharmacy was monitored. The dispensing cost is comprised of labor and supply costs, and excludes ingredient drug costs. In addition, the mailing costs are also tracked. Costs associated with delivery of these medications are calculated by estimated DHL courier invoices, excluding drug costs.
- The overall mailing cost is approximately \$2.00 per prescription.

<b>Dispensing and Mail Costs for Refill Medications - High Desert Pharmacy</b>			
	<b>Dispensing Cost (labor + supplies)</b>	<b>Mailing Cost</b>	<b>Total – per prescription dispensed</b>
Pre-Mail Service implementation	\$6.55	\$0.00	\$6.55
Post Mail Service implementation*: August 2008	\$6.88	\$2.00	\$8.88

\*addition of one pharmacy technician to process mail service prescriptions

### **Patient Impact**

- The average travel distance avoided through mail service by Lake Los Angeles and Little Rock clinic patients was calculated by the mileage between the patient's address of record and the High Desert Outpatient Pharmacy. Most patients live approximately 27 miles away from the HDHS Pharmacy.

<b>Patient Travel Distances Avoided (miles)</b>				
<b>Month</b>	<b># of Patients</b>	<b>Lake Los Angeles Clinic</b>	<b>Little Rock Clinic</b>	<b>Average miles avoided</b>
August 2008	19	Average -28 miles (range=20-31)	Average- 26 miles (range= 8-36)	Average= 27 miles (range 8-36)

- The number of enrolled patients who actively utilized the refill mail order service during the month:

<b>Enrolled Patients Actively Utilizing Mail Service</b>			
<b>Month</b>	<b># of patients enrolled</b>	<b># of patients used mail service</b>	<b>% of enrolled patients utilizing mail service</b>
August 2008	79	19	24%

- **Patient Satisfaction** – The patient satisfaction metric was measured through the use of a telephone survey which was developed to ascertain the patient's level of satisfaction with the HDHS mail service:

<b>Patient Satisfaction</b>				
<b>Month</b>	<b>% of patients surveyed</b>	<b>Delivery within 1-2 days of refill request</b>	<b>Delivery 3 days of after refill request</b>	<b>Patient Satisfaction Rate</b>
August 2008	58%	95%	5%	100%

### **Pending Issues**

- **Pilot Schedule** – The current mail service pilot is scheduled to conclude in October 2008. Discussions are underway at the DHS leadership level to identify funding for the ongoing mailing costs and additional pharmacy technician FTE required for continuing mail service.
- **Information Technology** - There are concerns with the lack of an interface of the Telephone Refill Interactive Voice Response (IVR) system. The IVR changes described in previous reports were not made due to technical challenges that arose during the implementation period. In order to not delay the project, it was decided to forgo

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the changes for the time being and a back up process was developed and implemented by the High Desert staff. DHS will focus efforts on resolution of the IVR system interface issues.

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## **Phase II (Central Fill/Mail Order)**

### **Pilot Objectives**

The primary objective of this phase is to determine the level of success of a vendor central fill/mail order service within DHS. The intent is to contract with an offsite vendor to provide automated central fill of prescription medication, as well as mail order alternatives to patients who request mail order service. The central fill pilot is intended to determine whether the use of an offsite vendor for Phase II refill medication processing will improve DHS pharmacy operational efficiency, improve patient access through mail order availability, and assess impact to overall prescription dispensing costs.

Implementation of this phase requires:

- negotiation of a contract with an offsite vendor, Cardinal Health, for central fill/mail order services
- development of ADT and IVR interfaces with the subcontract vendor's pharmacy information system
- installation of the subcontract vendor pharmacy information system

The initial HDHS pilot central fill/mail order implementation will seek to gather data on the impact of central fill. This pilot implementation will seek to gather data on the impact of refill mail service to:

- HDHS pharmacy operations
- HDHS overall pharmacy expenditures/revenue
- HDHS patient acceptance and patient satisfaction

Through the collection of baseline metrics, the effectiveness of the pilot site and the impact to patient care will be assessed. DHS has assembled a "Central Fill/Mail Order Work Team" that will meet monthly in order to accomplish the specific objectives outlined below.

- Finalize Board contract and statement of work (SOW) for Board review with sole source vendor, Cardinal Health (Responsible party: County Counsel)
- Pharmacy information system (PDX) –Affinity interface development and PDX pharmacy information system implementation/installation (Responsible party: DHS IT)
- Review impact of pilot site implementation, establishing metrics to assess operational, financial and patient care impact (Responsible parties: DHS Pharmacy and HDHS).

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## Key Project Roles and Responsibilities

- DHS Information Technology - Interface development, implementation and installation of PDX pharmacy information system at HDHS pilot pharmacy location and oversight of training and implementation.
- County Counsel – oversight of contract and SOW development and vendor negotiations.
- DHS Contracts and Grants – oversight of DHS involvement in contract development and contract negotiations.
- DHS Pharmacy – oversight of central fill/mail order implementation, lead DHS work team meetings, prepare Board status reports, and gather data for final analysis.
- HDHS Administration – oversee implementation of pilot at HDHS outpatient pharmacy, identify issues and collect data for assessment of implementation.

## Project Status

The Central Fill/Mail order work team met on August 21 and September 10<sup>th</sup>. Attached is a copy of the revised timeline for implementation of the DHS central fill/mail order project.

Contract development and IT interface assessment are ongoing.

Attachment: DHS Ambulatory Pharmacy Refill Mail Service and Central Fill/Mail Order Strategy- Revised August, 2008

*Attachment 1*

## DHS Ambulatory Pharmacy Refill Mail Service and Central Fill/Mail Order Strategy- Revised August, 2008

This project consists of two phases with the following overall timelines:

- Onsite HDHS mail service pilot through the HDHS Pharmacy (Aug-Oct 08)
- Enterprise Central Fill/Mail Order Project – contracting begins Aug 08 with initial single location pilot commencing in Jan 2010 (enterprise rollout beginning Aug 2010)

Dates	Phase I- Mail Service Pilot	Phase II - Enterprise Central Fill/Mail Order Project
Jul 2008	Document and finalize mail service pilot plan for HDHS (Lake Los Angeles and Little Rock Clinics) - COMPLETED	Develop sole source Board letter to negotiate enterprise central fill/mail order contract – COMPLETED
Aug 2008	Begin HDHS mail pilot - COMPLETED	Begin Board contract development/approval process for enterprise central fill project- ONGOING
Oct 2008	HDHS mail service pilot evaluation occurs and results published with decision on whether to continue this interim service.	Ongoing Board contract development
Nov 2008 to Feb 2009	↓	Submission of Alternative Methods Demonstration Proposal to HRSA to allow for central fill concept in DHS 340B outpatient sites; necessary for enterprise roll-out
Feb 2009*		Board approval of sole source enterprise central fill/mail order contract
Feb 2009-Sep 2009		Pharmacy information system installation/interface development
Sep 2009		Begin central fill/mail order pilot at HDHS
Sep 2009-Mar 2010	Ongoing central/fill mail order HDHS pilot (to replace Phase I mail service)	
Mar 2010	Evaluate pilot location results against pre-defined metrics	
Commencing May 2010	Enterprise roll-out of central fill/mail order begins (multi-year rollout)	

\*Submission to Board is dependent on successful contract negotiations with contractor and subcontractor